



JOHN NAIMO  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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July 7, 2015

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM: John Naimo   
Auditor-Controller

SUBJECT: **FOOTHILL AIDS PROJECT – A DEPARTMENT OF PUBLIC HEALTH  
DIVISION OF HIV AND STD PROGRAMS PROVIDER – CONTRACT  
COMPLIANCE REVIEW**

We completed a contract compliance review of Foothill AIDS Project (FAP or Agency), which included a sample of transactions from Contract Years (CY) 2012-13 and 2013-14. The Department of Public Health, Division of HIV and STD Programs (DHSP) contracts with FAP to provide Ryan White Comprehensive AIDS Resources Emergency Act (Ryan White) services such as case management.

The purpose of our review was to determine whether FAP provided the services outlined in their County contract and appropriately spent DHSP funds. We also evaluated the adequacy of the Agency's financial records, internal controls, and compliance with their contract and other applicable guidelines.

During CYs 2012-13 and 2013-14, DHSP had one contract with FAP, and paid the Agency approximately \$113,000 on a cost-reimbursement basis. FAP provides services to clients residing in the First and Fifth Supervisorial Districts.

**Results of Review**

FAP maintained adequate documentation to support clients' eligibility for Ryan White services, deposited DHSP cash receipts timely, and appropriately charged payroll costs. However, the Agency did not always comply with their County contract requirements. For example, FAP:

- Did not develop and implement a client fee schedule to collect fees from clients based on their ability to pay as required by Paragraph 48 of the Additional Provisions of their County contract.

*FAP's attached response indicates that they disagree with the finding and have provided a sliding fee schedule. However, the documentation provided is not sufficient to resolve the finding.*

- Did not ensure bank reconciliations were signed and dated appropriately.

*FAP's response indicates that they agree with the finding, and have since been signing and dating bank reconciliations appropriately.*

- Exceeded DHSP's contract limit of 10% for administrative costs.

*FAP's response indicates that they do not agree with the finding because DHSP approved their budgets. However, DHSP agreed that administrative costs cannot exceed the contract's 10% limit.*

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with FAP and DHSP. FAP's attached response (Attachment II) indicates that they disagree with some of our findings and recommendations. DHSP will work with FAP to ensure our recommendations are implemented.

We thank FAP management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:ku

### **Attachments**

- c: Sachi A. Hamai, Interim Chief Executive Officer  
Cynthia A. Harding, M.P.H., Interim Director, Department of Public Health  
Barbette Mobeck, Board President, Foothill AIDS Project  
Maritza Tona, Executive Director, Foothill AIDS Project  
Public Information Office  
Audit Committee

**FOOTHILL AIDS PROJECT  
DIVISION OF HIV AND STD PROGRAMS  
CONTRACT COMPLIANCE REVIEW  
CONTRACT YEARS 2012-13 AND 2013-14**

**ELIGIBILITY**

**Objective**

Determine whether Foothill AIDS Project (FAP or Agency) provided services to individuals who met the Department of Public Health, Division of HIV and STD Programs (DHSP), Ryan White Comprehensive AIDS Resources Emergency Act (Ryan White) eligibility requirements.

**Verification**

We reviewed the case files for five (14%) of the 37 clients who received services from April 2013 through March 2014 for documentation to confirm their eligibility for Ryan White services.

**Results**

FAP had documentation to support the eligibility of the five clients reviewed.

**Recommendation**

**None.**

**PROGRAM SERVICES**

**Objective**

Determine whether FAP maintained documentation to support the services required by their County contract and DHSP guidelines, clients received the billed services, and the Agency collected fees from eligible clients in accordance with their County contract.

**Verification**

We visited one FAP service site, and reviewed the case files for five (14%) of the 37 clients who received services from April 2013 through March 2014. We also determined whether the Agency collected fees from clients in accordance with their approved client fee schedule.

**Results**

FAP provided the services required to the five clients reviewed. However, the Agency did not develop and implement a client fee schedule to collect fees from clients based on their ability to pay as required by Paragraph 48 of the Additional Provisions of their County contract.

**Recommendation**

1. **Foothill AIDS Project management develop and implement a client fee schedule, and obtain approval from the Division of HIV and STD Programs as required by their County contract.**

**CASH/REVENUE****Objective**

Determine whether FAP properly recorded revenue in their financial records, deposited cash receipts into their bank accounts timely, and that bank account reconciliations were reviewed and approved by Agency management timely.

**Verification**

We interviewed FAP management, and reviewed their financial records and May 2014 bank reconciliations for two bank accounts.

**Results**

FAP properly recorded revenue in their financial records, and deposited DHSP cash receipts timely. However, Agency management did not ensure the preparer and reviewer signed and dated bank reconciliations.

**Recommendation**

2. **Foothill AIDS Project management ensure that bank reconciliations are signed and dated appropriately.**

**COST ALLOCATION PLAN/EXPENDITURES****Objective**

Determine whether FAP's Cost Allocation Plan (Plan) complied with their County contract, and if expenditures charged to DHSP were allowable, properly documented, and accurately billed.

**Verification**

We reviewed FAP's Plan and their financial records for 13 non-payroll expenditures, totaling \$1,164, that the Agency charged to DHSP from April 2012 to March 2014. We also interviewed Agency personnel.

**Results**

FAP prepared their Plan in compliance with their County contract and their expenditures were allowable, properly documented, and accurately billed.

**Recommendation**

**None.**

**PAYROLL AND PERSONNEL****Objective**

Determine whether FAP appropriately charged payroll costs to DHSP and maintained personnel files as required.

**Verification**

We compared the payroll costs for two employees, totaling \$3,262 for March 2014, to the Agency's payroll records and time reports. We also interviewed staff, and reviewed personnel files for the same two employees.

**Results**

FAP appropriately charged payroll costs to DHSP and maintained personnel files as required.

**Recommendation**

**None.**

**COST REPORTS****Objective**

Determine whether FAP's Contract Years (CYs) 2012-13 and 2013-14 Cost Reports reconciled to their financial records, and if the Agency exceeded their contract's 10% limit for administrative costs.

**Verification**

We compared the Agency's CYs 2012-13 and 2013-14 Cost Reports to their financial records. We also determined whether FAP exceeded their contract's 10% limit for administrative costs.

**Results**

FAP's CYs 2012-13 and 2013-14 Cost Reports reconciled to their financial records. However, FAP's administrative costs exceeded the contract's 10% limit by minimal amounts in CYs 2012-13 and 2013-14. Although the excessive administrative costs were immaterial, the Agency needs to ensure that billed administrative costs do not exceed contract limits.

**Recommendation**

- 3. Foothill AIDS Project management ensure that billed administrative costs do not exceed contract limits.**



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June 8, 2015

John Naimo, Auditor-Controller  
County of Los Angeles  
Department of Auditor-Controller  
Countywide Contract Monitoring Division  
500 West Temple Street, Room 525  
Los Angeles, CA 90012-3873

**SUBJECT: FOOTHILL AIDS PROJECT - CONTRACT COMPLIANCE REVIEW PLAN  
OF CORRECTIVE ACTION**

Dear Mr. Naimo,

In response to the contract compliance review for DHSP Non-Medical Case Management Contract for the Contract Years 2012-13 and 2013-14, below you will find FAP's response and Plan of Corrective Action (POCA).

**Recommendation #1**

**Foothill AIDS Project management develop and implement a client fee schedule, and obtain approval from the Division of HIV and STD Programs when required by their County contract.**

**POCA #1:**

FAP has developed and submitted a client fee schedule, pursuant to Paragraph 48 of the Additional Provisions of the County contract. The fee schedule was submitted to then program manager Abel Alvarez in 2012. Attached is a copy of the sliding fee schedule, which should be on file at DHSP as well. Finally, FAP would like to note that while the fee schedule is available, clients who received services under the contract being monitored, all fell below the Federal Poverty Line.

**Recommendation #2**

**Foothill AIDS Project management ensure that bank reconciliations are signed and dated appropriately.**

**POCA #2:**

FAP agrees with this recommendations and has since the preliminary exit interview in July 2014, began signing and dating bank reconciliations appropriately. Both reviewer and preparer sign and date the bank reconciliations.

**Recommendation #3**

**Foothill AIDS Project management ensure that billed administrative costs do not exceed contract limits.**

**POCA #3:**

Foothill AIDS Project does not agree with this recommendation as budgets were submitted to DHSP and approved by DHSP prior to HRSA regulations designating rent, supplies, and other expenses as Indirect Costs. Once HRSA regulations were implemented, FAP complied with the requirement and made necessary adjustments to the budgets using DHSP approved templates which now allow for costs to be identified as direct or indirect.

Should you have any questions, please contact Camila Cristiani, Grants Manager, at 909-482-2066 x302 or via e-mail at [camila@fapinfo.org](mailto:camila@fapinfo.org).

Sincerely,



Maritza Tona  
Executive Director





## Client Eligibility and Financial Responsibility

This document outlines the eligibility and financial responsibilities for clients receiving case management and other supportive service at **Foothill AIDS Project (FAP)**. The following information is required of all **FAP** clients upon services rendered:

### ELIGIBILITY REQUIREMENTS

#### 1. PROOF OF COUNTY RESIDENCY

You must prove that you are a resident of Los Angeles County or San Bernardino or Riverside County every six months. Acceptable documents will be a copy of one of the following:

- Mail showing your physical address postmarked within the last thirty days
- Utility bill of previous month
- Rental agreement and/or receipt from the previous month's rental payment
- Affidavit of residency which may be verified via a home visit

*Clients residing in other Counties shall be referred to HIV Service providers in their County of residency.*

#### 2. PROOF OF INCOME

You must provide proof of income every six months, or whenever there is a change in income. Acceptable documents will be copies of one of the following:

##### If employed:

- Your most recent check stubs for you and your dependents for four consecutive weeks from work or
- Letter from employer on business letterhead stating monthly income

If self-employed:

- A copy of the previous year's income tax or extension letter from IRS stating tax return not filed **and**
- Recent profit/loss quarterly statement **and**
- Three most recent back statements

Not employed:

- Letter stating source of support from family or friends who are providing food and/or lodging **or**
- Current unemployment check stubs or statement from EDD stating last time you were employed **or**
- Current disability check stubs **or**
- Current retirement or pension check stub

Other:

- Proof of alimony payments
- Proof of child support payments
- Proof of AFDC payments or Food Stamp allowances
- Proof of any other sources of income
- Affidavit of Zero Income

**3. IDENTIFICATION**

You must provide a document of identification. Acceptable documents will be one of the following:

- Driver's license **or**
- Identification card from the Department of Motor Vehicles
- Parole identification card
- Or any other official document that include a picture and signature

**4. INSURANCE COVERAGE**

If you have insurance or are eligible to apply, you must provide proof of insurance and/or information on the status of your application. Acceptable documents are copies of the following:

- Most recent documentation from social security. This includes denials, appeals and/or acceptance letters.
- Medi-Cal notice of action or any documentation showing the status of the Medi-Cal application.

- Most recent documentation showing Medicare eligibility.
- Copy of application from private insurance and any documentation stating that private insurance coverage is pending or has been denied.

Your insurance eligibility and extent of coverage must be determined and verified. Clients must re-certify every six months.

5. Verification of HIV status according to Inland Empire HIV Planning Council standards.

#### FINANCIAL RESPONSIBILITY

It is the policy of FAP to provide Case Management regardless of the client's ability to pay. Other Service Categories (food and transportation) need to meet income eligibility. A sliding fee schedule is used to calculate the basic discount and is updated each year using the federal poverty guidelines. Once approved, the discount will be honored for one year, after which the client must reapply under the new federal poverty guidelines.

- *For individuals with income from 200% to 300% of the FPL, cumulative charges in a calendar year can be no more than 7% of the individual's annual gross income.*
- *For individuals with income over 400% of the FPL, cumulative charges in a calendar year can be no more than 10% of the individual's annual gross income.*
- *The cost of services provided will be charged to the appropriate funding sources for client's county of residency.*

#### APPLICATION PROCESS

A completed application including required documentation of home address, household income, and insurance coverage must be on file before a discount is granted.

Core and Supportive Services covered under the discount are:

- Mental Health
- Substance Abuse

Establishing a fee schedule should not result in a bureaucratic system to means-test individuals or families before services are provided. A simple application that requests information on the annual gross salary of the individual/family should suffice as the baseline by which the caps on fees will be established. The client should ensure that the information provided is accurate.